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261751Z Oct 05

S E C R E T OTTAWA 003204

SIPDIS

NOFORN

STATE FOR EB/ESC/TFS (JEAN CLARK), S/CT (TODD KUSHNER),
INL/C/CP (STEVEN PETERSON), IO/PSC (BETSY FITZGERALD), AND
WHA/CAN
NSC (KEMERSON)

E.O. 12958: DECL: 12/30/2015

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SUBJECT: OTTAWA: COMBATING WMD PROLIFERATION VIA FINANCIAL
INTELLIGENCE UNITS

REF: STATE 158275

Classified By: Wendy Moore, Economics Counselor, Ottawa. Reason: 1.4(e).

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1. (C/NoFORN) Foreign Affairs Canada Nuclear Non-proliferation officer Colin Smith has provided an update on implementing refTel proposals but warned that "bureaucratic inertia" and the need for legislative amendments will delay progress. He confirmed that all elements of the government with a stake in the issue have been made aware of the contents of the demarche and legal advisors have explored, and ruled out, the possibility of taking action under current legal constructs. He noted that one possible law, the Special Economic Measures Act of 1992, implemented to sanction Zimbabwe, permits action to prevent "a grave threat to international security." However, the Supreme Court ruled against the one attempt to actually invoke the law against Zimbabwe, and FAC legal advisors do not believe it would be successful in this case.

Piggy-backing on the legislative review

2. (C) Fortuitously, Canada's Anti-Money Laundering/Anti-Terrorist Financing legislation is undergoing Parliamentary review, providing an opportunity to insert the amendments necessary to expand the powers that enable the GOC to act against terrorist financing to permit similar action against WMD proliferation. In addition, a meeting is planned at the DG level in coming weeks that will focus on the "significant change" in perspective by non-proliferation policy makers in establishing the executive basis for action against WMD proliferators.

3. (S/NoFORN) Comment: This will be a slow process. We have made sure it is on the GOC radar screen and will be monitoring revision of the legislation to make sure this issue stays in play. Smith welcomed our standing offer to "intercede," as might be necessary, with the appropriate government Department to expedite this process. END COMMENT.

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WILKINS